DD/A Registry
87-0322X

ROUTING AND RECORD SHEET

SUBJECT: (Optional)
[redacted] HRTF Critique + Related memo from DC/PSD/OMS STAT

FROM: [redacted] C/PSD/OMS	EXTENSION [redacted]	NO.	STAT
		DATE	STAT

TO: (Officer designation, room number, and building)	DATE RECEIVED	DATE FORWARDED	OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
1. A/DDA	5 FEB 198			
2.				
3. [redacted] 7D 6 CofC				STAT
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FORM 610 USE PREVIOUS EDITIONS
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DD/A Registry
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4 February 1987

MEMORANDUM FOR: Director of Medical Services
Deputy Director of Medical Services

FROM: [redacted] STAT
Deputy Chief, Psychological Services Division
Office of Medical Services

SUBJECT: OMS Critique of the HRTF Report

REFERENCE: Report issued by [redacted] STAT
[redacted] dtd December, 1986 STAT

1. I have recently read a 43-page OMS report, which I understand, has been disseminated (at minimum) to the Executive Director, the DDA, and the Chairman of the Human Resources Task Force (HRTF). I am not normally predisposed to comment in writing upon reports that were neither addressed to me nor authored by me. In this case, however, since I represent OMS management within the home component of one of the stated authors, and since the content of the critique draws heavily from the field of psychology and more particularly from areas of psychological research, an unsolicited comment from me seems entirely appropriate under the circumstances. The purpose of this memo, therefore, is to state for the record this Division's concerns with:

(a) The critique itself
(b) How the critique came about
(c) Authorship attribution
(d) Resource management within the Division.

2. We view the HRTF critique as an embarrassment that reflects poorly on the entire Office and we see its release as, at minimum, a damaging act of irresponsibility and poor judgment. Independent of the merits of the specific arguments contained in the critique, our objections are based upon the inexcusably pejorative tone throughout the document. It reads like a paper that was designed as much to demean and insult fellow professionals as it was to convey well-intended criticism. Its release has already had a negative impact on our ability to carry on our day-to-day business with other groups in the Agency, and it has severely jeopardized our relations with senior and influential Agency officers.

SUBJECT: OMS Critique of the HRTF Report

3. The OMS critique was NOT released with the endorsement of its PSD author. [redacted] objected strenuously to the caustic language used in the critique long before it was finalized and released. As a result, the two OMS staff contributors were never able to agree on the prose contained and the tone conveyed in the final product. The critique was and is unlike anything she would have authored or endorsed on her own. [redacted] is quite properly concerned that the unfortunate release of this unsolicited critique will reflect poorly on her respected image as a professional psychologist. STAT STAT

4. Reading [redacted] original 8-page report, it is evident that hers was an accurate, non-pejorative and well-balanced contribution. Unfortunately, it got translated and folded into the body of a highly pejorative, pedantic and unbalanced report over her objections, and then went out with her name on it. STAT

5. [redacted] was contacted and assigned to this project directly by DD/MS. She received instructions to be silent to PSD management about what she had been tasked to do (to "find as much fault as possible with the HRTF report") and even to remain at the Headquarters building, if at all possible, to complete her work. It is very hard to read this clandestine co-opting of OMS resources in a favorable light. STAT

6. Finally, it should be pointed out that if we are to be held accountable for carrying out the terms of our official Agency charter, we must have the authority to allocate and control our resources. The effect of the continuing practice of OMS front office management reaching down past two levels of subordinate management to conscript employees for ad hoc assignments has been to make all but impossible the job of managing Division resources effectively. This can only increase the likelihood that our services cannot be provided, as they have been promised, to legitimate consumers.

[redacted] STAT

[redacted]

STAT

Report on the CIA Human Resource Task Force Analysis

This task force report focuses on a perceived need to restructure the existing organization. Reasons given for the restructuring are from two basic sources: (1) industry manpower demands/changing manpower sources and (2) existing employee discontent with major aspects of their employment. Arguments in the first area relate to the organization's ability to compete for desirable applicants, to retain those they do recruit, and to perform these two functions given social changes in the work force and technical changes in the work place. Arguments addressing employee discontent are based partially on the concept of a changing work force and partially on interview data from current employees. Stated deficiencies in the existing structure that would inhibit the organization's ability to compete for and retain suitable employees fall into four main categories: (1) manpower planning, (2) compensation and benefits, (3) employee development, and (4) management efficiency.

While the task force report **may have implied** benefits from establishing these changes that go beyond the issues of attracting and retaining employees, **there are no stated expectations of increases to productivity, efficiency, job satisfaction or employee commitment from the majority of the changes offered**. The only area where the task force makes claims of increased efficiency is in the section devoted to management effectiveness. The issue at hand, it would seem, is whether the solutions offered will adequately and effectively address the recruitment and retention of employees and/or will increase management effectiveness.

There is little question that, like any other large organization, we are facing a period in which the applicant pool is both decreasing in size (post-baby-boom) and changing based on social norms. The younger employees that we need to recruit and nurture are less convinced that work should be all consuming. They approach the work place with different goals and personal motivation than did their fathers and mothers -- they expect and demand more from the work experience. At the same time that the work force is changing the work place is also changing. In many fields remaining current with an ever expanding information set has led to increased time demands on the individual, while in other fields rapidly changing technology demands actual retaining.

Many organizations are attempting to win new workers with programs that encourage personal growth, development and autonomy. While private industry is attempting to change in order to hire and cope with the new employee, federal service has either remained the same or slipped backwards. Federal service (which use to compete for new employees based on job security, good retirement benefits and comparable wages) has suffered from "bad press", an increasingly

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non-comparable pay system, and a recent devaluation of retirement benefits. Whether the pool of available applicant resources waxes or wanes, all organizations that need to recruit new human resources are in direct competition with one another. As the pool of qualified and acceptable applicant resources dwindles, competition will be more intense.

Three of the solutions offered by the task force (career development, compensation and psychological contracts) attempt to address the Agency's ability to compete with private industry for qualified and desirable employees. All three address techniques which seem to have worked for private industry. Establishing these changes for the purposes of attracting employees may be a shotgun approach, however, if making this organization look more like private industry (and, therefore, a more viable and desirable employer) is the task force goal, the approach should work. It may be that these approaches are very expensive, but they may also be the only way that this organization can successfully compete with the Fortune 500 companies, many of whom go much further to make their positions well compensated both financially and in terms of employee empowerment, growth and development. Unfortunately, when dealing with large scale approaches like these, there is no real way to tease out from the research literature which individual parts of these programs could be successfully deleted and still retain the results desired. Would IBM be as successful if they had good career development but lacked adequate compensation? Its impossible to guess, because the fact is they have both of these and more.

The rationale for instituting these three specific programs (career development, compensation and psychological contracts) for the retention of employees is virtually the same. Once hired an employee is less likely to quit simply because private industry is so much more attractive that it is impossible to remain in federal service. This does not mean that employees will not leave for private industry -- good employees leave Fortune 500 companies also. However, having some perceived equity between jobs inside this organization and jobs in private industry should help employees justify not changing jobs.

Where this task force report does go beyond suggestions to increase our attractiveness as an employer is in the area of management effectiveness. Suggestions to cope with a perceived lack of effectiveness are basically within the section on Organizational Development, but can also be found in the sections on Career Development (dual-ladder system) and Compensation (the measurement of performance). The deficiencies presented by the task force state that as an organization we are preoccupied with programs and, therefore, we default on employee communications, guidance, support, planning, career development, training, performance feedback and goal setting. In short, little or no money, time or resources are invested in either personnel planning or career development and counseling. Changes suggested in this area are again a broad brush approach, but are often supported by available research and management theory. The task force makes its recommendations based on data gathered from a large number of employee interviews. No mention is made of the techniques used to conduct the

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interviews or to compile and analyze the data. Generally this would lead to some concern regarding the conclusions made (were the data gathered correctly; analyzed correctly?). In this case, however, there is an inclusion in Appendix A provided by the Inspector General which enumerates almost exactly the same management deficiencies. There is also support from available research on federal employees that reports similar attitudes throughout the federal work force on existing management efficiency.

The suggestions for correcting these managerial deficiencies are the institution of a centralized Human Resources System (HRS) and the development of a management structure that demands management responsibility, authority and accountability. The two systems while presented together are not necessarily related to one another -- an organization can have management accountability without HRS. An analysis of each, therefore, is necessary.

HRS is not a new concept, but it is only in the last four or five years that it has gained wide-spread attention in both the management and organizational psychology literature. In general these are systems that contain at least three separate segments: (1) Human Resource Development which includes the functions of training, education and development, (2) Human Resource Management which includes recruitment, selection, placement, appraisal, compensation and work force planning, and (3) Human Resource Environment which includes job enrichment, job enlargement and organizational development. As a system the three segments work together to provide for the efficient use of an organization's human resources. Some practitioners make a further distinction between the elements in the overall system that are strategic (evaluating and integrating into policy decisions the current status and future effect of the operating environment) and the elements that are operational (focusing on internal issues and the day-to-day efficiency of the organization). All organizations, including this one, have adopted some elements of HRS just to cope with such issues as selection and recruitment. The advantage of an integrated system lies in its ability to address all issues relating to human resources and **to have an impact on long-range planning and the integration of that planning with decisions and day-to-day operations**. Because HRS research is relatively new, one can find articles and theorists who can argue both for and against HRS development. The key issue in all of this literature appears to be that HRS has a major role to play in all large organizations, **but it can only do so when it is not fragmented (an entire system is preferable to isolated compartments), it is staffed by professionals, and it is accepted by line management**. It seems quite clear that line management (and organizations in general) can profit by spending the time and money necessary to implement such a system, but many managers must understand the benefits before the system can work to its fullest potential.

Given the possible advantages of HRS, what are some of the reasons that an organization should not invest in such a project? To begin with, although the possible gains from HRS are great, the cost of establishing and running a good system are large. A second possible negative involves the staffing of such a

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system. You can not simply take traditional personnel employees and put them into HRS and expect them to be effective. HRS, particularly that involving strategic applications, is a complex art requiring knowledge of the market, economics, good statistical techniques, and good management/psychology theory and application. The staff should contain a mix of qualified professionals who know what they are doing, rather than a group trying to perform a new skill with old techniques. Like other complex systems HRS generally does not fail because of design but can and will fail if the process is ill-managed or the expertise is missing. For this organization where significant monies are already being spent on selection, recruitment, and training the major impact would be one of hiring sufficient expertise to successfully run a satisfactory system, integrating HRS into the existing system, selling line management on the benefits, and possibly relocating or retraining current personnel employees who are replaced by a more effective, but more complex, system.

Once established will a fully functioning HRS improve employee performance, commitment and satisfaction or managerial effectiveness? To the extent that the HRS developed is well-planned and fully integrated it should improve both employee and management efficiency. Any assistance to managers that encourages correct employee selection, placement, training, development, compensation and empowerment will by definition increase the quality of the manager's work force. It is then the responsibility of the managers to mold that group into a productive, committed unit. Managers who are supported in their efforts to increase employee effectiveness with adequate time and money resources are more successful as managers. A first step towards increasing management effectiveness is the provision for adequate support systems for managers. The process by which the organization provides this support and the commitment of the organization to that process, however, is critical. **Reorganization in and of itself is insufficient -- commitment and adequate process are critical.**

The second area where the task force suggests change that would increase efficiency, productivity, job satisfaction, or employee commitment is the area of management responsibility and accountability. In order to evaluate the proposed changes that address management accountability, one must first make a distinction between management and supervision. A manager is not just a person who oversees a project or writes a PAR -- those functions can be performed by a supervisor. A manager is a person who translates organizational goals and integrates these goals based on budget restrictions, personnel needs and personnel resources. Even after coming to an adequate definition of what a manager is and what a manager does, there is the whole issue of what makes a manager effective. The literature on this issue is so vast and complex that reducing it to a useful level requires intensive analysis of diverse research results. There is not always consensus among experts on which process or processes yield the most management effectiveness and what organizational situations dictate what processes. This is not to say that there is no reason to try and correct management ineffectiveness (a state almost everyone can agree upon), but rather to state that there is no "quick fix" and no "perfect" approach. There is, however, literature available that gives information concerning managerial effectiveness. By concentrating on the last eight years of published data one can identify several major areas -- one of which is goal setting and performance evaluation. Only the literature addressing that area will be presented here. All other aspects of managerial effectiveness will be referred to as it applies to the process by which managers can become more effective.

Establishing performance expectations and assessing and correcting performance are key factors in enhancing managerial effectiveness. Indeed practical experience confirms that neglect of these basic areas can significantly detract from a "good" manager's effectiveness. Goal setting is instrumental in increasing management effectiveness in three ways (1) it is useful for improving job performance of employees and facilitates coordination, (2) it serves to stimulate an improvement in managerial skills and knowledge, and (3) the simple presence of goals helps focus on end results, facilitates monitoring of performance and provides groundwork for problem solving. Performance evaluation dovetails with goal setting. It is more than an effective method of rating performance at a year-end interview -- it is a year-round activity focusing on performance, feedback, problem solving, reinforcement and coaching. Not only do goal setting and performance evaluation increase management effectiveness, they are two processes that **when applied correctly** have significant positive effects on subordinate performance, motivation, development, commitment and satisfaction.

All literature relating to the increase of manager effectiveness underscores one major point. **Improving effectiveness is an on-goin, never-ending process**. Managers can and must continue to learn new information concerning management, apply this knowledge to past situations, and try to gain an understanding of how to improve their future behaviors. To allow this process to take place it is mandatory that the organization provide training that assists the manager in understanding new research findings and assists the manager in self-understanding. This requires both a financial and time commitment on the part of the organization. Managers require time to receive training and, more importantly, managers must be allowed and encouraged to take additional time to think, reflect and plan for their own development.

The task force report suggests that establishing both responsibility and accountability for managers in the area of human resources will increase managerial effectiveness. This has the appeal of a "quick fix". Increasing managerial efficiency is not something that occurs that simply or that quickly. **Increased managerial efficiency will happen, if and only if, the Agency commits time and resources to helping managers understand their roles and good management techniques, to establishing a performance appraisal process rather than a new and "improved" performance rating form, to providing adequate support to managers (i.e.; a management consulting and organizational development intervention staff) so that managers do not have to learn through trial and error what may or may not be useful, and to rewarding good management practices and**

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punishing poor practices effectively. What the task force report has recommended under the topics of dual career ladders, pay-for-performance (with its emphasis on assessing employee performance), and development of a Human Resources System is only the first step in increasing efficiency. They must also commit to developing their managers. Simply establishing responsibility and accountability is a trial-by-fire that, if strictly enforced, will increase management efficiency, but only at great cost -- the loss of a large number of existing technically skilled and valuable managers who are ill-equipped to cope because they have been poorly trained or not trained at all in good management practices.

There are at least two other seemingly minor points addressed in the task force report that almost demand comment. The first involves the concept of instituting a pay-for-performance system and the second involves the large listing of minor changes/recommendations compiled in Appendix C.

It is difficult to argue that relating pay to performance does not increase organizational effectiveness. Logic dictates that when pay is tied to productivity a motive to perform is implied. In theory linking the two creates a positive relationship that should result in a decrease in absenteeism and turnover among high performers and and increase among poor performers.

However, it is not always the case that when logical plans based on theory are applied to organizations the desired results actually appear. Many organizations have tried pay-for-performance, but with varying levels of success -- some are dramatic successes and some are outrages failures. It is apparent from literature results that within an organization **it is paramount that (1) a pay system match the organization's human relations climate and management style and (2) that the organization is able to identify and measure productivity**. Pay-for-performance demands participatory management style and a climate that fosters both the necessary management style and employee empowerment. It also demands a valid and reliable process for performance appraisal. This Agency at present places little or no value on participatory management or employee empowerment. In fact what is rewarded and, therefore, encouraged [illegible] production, employee sacrifice, a can-do spirit and reflex management (manag[illegible] by crisis rather than crisis management). This Agency is at present incap[illegible] adequately identifying or measuring performance. The system has not really [illegible]red such identification and the process (PARs and Panels) is not adequate to the task (a clearly evident fact given the current OC experience).

Either a pay plan is developed to match the existing organization or the organization must change to fit the developed plan. **It is impossible to institute a successful pay-for-performance system in the Agency unless the Agency changes its management style and learns to identify productivity**. Any organization that has tried to introduce a pay plan that is not supported by a complete process of managerial participation has failed. Even

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when the pay system appears to match the organizational climate and style, some plans have failed -- success is not a given even when the process is correct. But, failure is guaranteed if the process is not firmly linked to the developed plan.

The last aspect of the task force report that requires some comment relates to the compilation of comments/recommendations contained in Appendix C of the report. The presentation is one that often appears when task forces gather a great deal of data, but then can not adequately address or order it into the body of the report. While some of these comments/recommendations may have real value, none are analyzed for their worth and then weighted for proper decision making. It would be highly undesirable to take any, therefore, as a recommendation for change unless and until they **are** analyzed for their efficiency. Many of the comments are unsupported by any literature on organizational efficiency and some are contradictions of existing research findings. Because they are presented as an appendix without analysis, support or weighting, they are evidently meant simply to retain data that might have been better discarded.

Overview

In general, the task force report as published is a request for massive change. Some of that change is aimed at increasing the appeal of Agency employment to a new and more demanding generation of workers, and some of the change is aimed at some unspecified increase in either employee productivity (management efficiency) or employee commitment (rebuilding the psychological contracts). Its greatest failing is not in the request for change, but in the almost naive approach taken to the total effect of the change and the process by which the change should be instituted.

There is no indication in the task force report that this Agency must be educated and prepared to accept the changes recommended. There is little or no reference to facilitating the change, providing interim crisis management to managers and/or employees, or providing adequate time to both research and establish the best methods for change. This naive approach goes across all aspects of the proposed actions -- there is no apparent understanding of the intricacies and intense work required to establish a new compensation system, a flexible benefit plan, an adequate method of assessing performance, a workable communications plan that allows time for an employee feedback and education loop, a workable career development package, or a logical approach to controlling employee fear of change itself. Little or no thought was given (or at least it is not reflected in the report) to ranking and rating the proposed changes -- which must be made, in what order must the critical changes be made, which changes are nice but not critical, etc. The overall naivete is obvious in that (1) the proposed time lines for the project are painfully abbreviated and (2) no mention is made of planning each change based on good management and psychological practices. The overall impression given to the reader is one of simplicity itself -- just start changing.

There is also a painful lack of moderation in this report. No warning of any sort appears to inform the reader of the dangers of instituting change without follow-through or change that is incomplete. To begin this process (particularly that related to pay-for-performance, management efficiency, or communications) without follow-through may indeed be more dangerous than doing nothing at all. A large quantity of data exists that indicates the process of change, the process of pay-for-performance and the process of employer/employee credibility are critical. False starts, poorly designed systems and lack of adequate support may very well interfere with the Agency mystic that seems to allows us to constantly do more with less and deliver it yesterday. One should never be afraid to try and change an existing system, but one is foolhardy to take a working system and replace all the organizational culture, bonds and glue without being fairly sure that the new system will perform -- one does not remove a functioning heart and replace it with a new model without planning, pre-testing and full commitment from both the change agents and the patient. Planning must always preceed action in any large organization even for what appear to be minor or moderate changes. Change on the level proposed here is extremely explosive. Explosive change can revitalize a system, but it can also completely or effectively destroy it.

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